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NEWS RELEASE

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NEVADA, OREGON UTILITIES' MERGER APPROVED

Two Nevada-based public utilities will link up with an Oregon public utility in a merger approved today by the Federal Energy Regulatory Commission.

The Commission gave the go-ahead for Sierra Power Resources, along with its operating subsidiaries, Reno-based Sierra Pacific Power Company and Nevada Power Company, to acquire Portland General Electric Company (PGE). Sierra Pacific merged with Nevada Power, a Las Vegas utility serving southern Nevada, in 1999 setting up a combined service territory of over 54,500 square miles. PGE, a subsidiary of Enron Corp., serves the Portland, Oregon area.

The companies plan to integrate their facilities through a transmission path--50 megawatts of PGE's firm transmission rights on a transmission line that runs from Oregon to California.

Commission Chairman James J. Hoecker said: "With the advent of regional transmission organizations (RTOs) and mergers like this, the Western wholesale market outside California is changing significantly. I am pleased that Sierra, Nevada Power and PGE have made a commitment to join an RTO as a means of bringing greater efficiencies to the growing Western markets. I expect further steps in this direction in the months to come, as Western markets strive to promote reliability, attract capital, and control price volatility."

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Based on the companies' commitments, the Commission found that the Sierra, Nevada Power and PGE merger would meet the public interest standard of the Federal Power Act. Under its 1996 Merger Guidelines, the Commission focuses its review on three key issues—the effect of the merger on competition, rates and regulation.

Among the commitments accepted by the Commission is the utilities's pledge to join an RTO. Sierra, Nevada Power and PGE are parties to TransConnect, a proposed transmission company (transco) that would operate within RTO West.

The Commission also accepted the companies' proposed open access transmission tariff (OATT), under which the utilities will provide transmission service to others. The Commission accepted Sierra, Nevada Power and PGE's use of zonal rates based on their respective existing rates.

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